Third Quarter 2017 Performance

Investor Financial Presentation

November 6, 2017

Safe Harbor Statement

This presentation contains statements that are not historical and that are based on our beliefs and assumptions and on information currently available to us, including those relating to the potential financial impacts of our debt refinancing with Silicon Valley Bank and the amendment of our commercial agreement with Thyroid Cytopathology Partners. These statements constitute forward-looking statements within the meaning of the Safe Harbor provisions of the Private Securities Litigation Reform Act of 1995. Forward-looking statements are subject to known and unknown risks, uncertainties, assumptions, and other factors that could cause actual results to differ materially from our expectations.

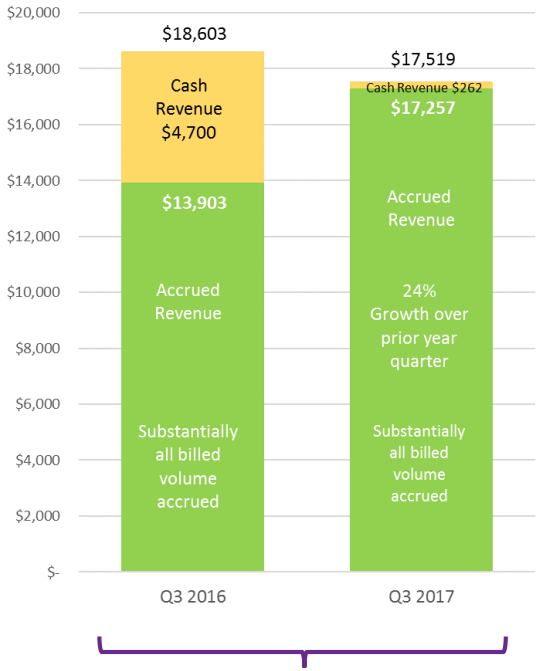
These risks and uncertainties include, but are not limited to: our history of losses since inception; our ability to increase usage of and reimbursement for our tests; our dependence on a limited number of payers for a significant portion of our revenue; our dependence on Thyroid Cytopathology Partners to perform the cytopathology component of our Afirma test; the complexity, time and expense associated with billing and collecting for our test; current and future laws, regulations and judicial decisions applicable to our business, including potential regulation by the FDA or by regulatory bodies outside of the United States; changes in legislation related to the U.S. healthcare system; our dependence on strategic relationships and collaborations; unanticipated delays in research and development efforts; our ability to develop and commercialize new products, including our GSC classifier, and the timing of commercialization; our ability to successfully enter new product or geographic markets; our ability to conduct clinical studies and the outcomes of such clinical studies; the applicability of clinical results to actual outcomes; trends and challenges in our business; our ability to compete against other companies, products and technologies; our ability to protect our intellectual property; our ability to obtain capital when needed; and the other risks set forth under the heading “Risk Factors” in our Annual Report on Form 10-K for the full year ended December 31, 2016, and our most recently filed Quarterly Report on Form 10-Q, which are available on our Investor Relations website at investor.veracyte.com and on the SEC website at www.sec.gov. These forward-looking statements speak only as of the date hereof. We disclaim any obligation to update these forward-looking statements, whether as a result of new information, future events or otherwise.

Third Quarter Highlights

$ in 000's, except per share data	Quarter		Change	
	Q3 2017	Q3 2016	Dollars	Percentage
Accrued Revenue	$ 17,257	$ 13,903	$ 3,355	24%
Cash Revenue	262	4,700	(4,438)	-94%
Revenue	**17,519**	**18,603**	**(1,084)**	**-6%**
Operating expenses:				
Cost of revenue	7,168	6,367	801	13%
Research and development	3,046	4,006	(960)	-24%
Selling and marketing	7,885	7,086	799	11%
General and administrative	5,520	5,763	(243)	-4%
Intangible asset amortization	267	267	(0)	0%
Total operating expenses	23,886	23,489	397	2%
Loss from operations	**(6,367)**	**(4,886)**	**(1,481)**	**30%**
Interest expense	(815)	(799)	(16)	2%
Other income, net	134	48	86	178%
Net loss and comprehensive loss	**$ (7,049)**	**$ (5,637)**	**$ (1,411)**	**25%**
Shares				
Average shares	33,947	27,917	6,030	22%
Net loss per common share (dollars)	$ (0.21)	$ (0.20)	$ (0.01)	5%
Operational Highlights				
Genomic test volume (reported)[1]	6,533	5,740	793	14%
Gross profit (Rev - Cost of rev)	$ 10,351	$ 12,236	$ (1,885)	-15%
Cost of rev per reported test	$ 1,097	$ 1,109	$ (12)	-1%
Gross margin	59.1%	65.8%		-7%

Third Quarter 2017[2]

- ✓ First comparable quarter (Q3 2016 to Q3 2017): Company accrued substantially all billable tests
- ✓ Revenue $17.5 million declined 6%
  - ❖ Decline driven principally by $4.4 million or 94% decline in cash revenue for tests performed prior to July 1, 2016
  - ❖ Accrued revenue +24%
    - ❖ Reported genomic test volume +14%
    - ❖ Accrual rate for Afirma GEC/GSC +12%
- ✓ Reported genomic test volume 6,533 tests (+14%)
  - ❖ Hurricane impacted Texas, Florida and Puerto Rico
  - ❖ Estimate volume impact < 200 tests
- ✓ Total OpEx $23.9 million (2% increase)
- ✓ Net loss $7.0 million (25% increase)
- ✓ Net loss per share $0.21 (one penny per share decline)
- ✓ Cash burn $5.8 million (23% improvement)[3]
- ✓ Cash $41.2 million (At September 30, 2017)



Accruing Substantially All Thyroid Billable Test Volume

1 – Includes commercial Afirma GEC/GSC and Percepta reported volume only. Excludes clinical/registry volume.
2 – Unless otherwise noted, percentages on this slide represent the change relative to the prior year quarter
3 – Cash burn defined as the sum of net cash used in operating activities and net capital expenditures

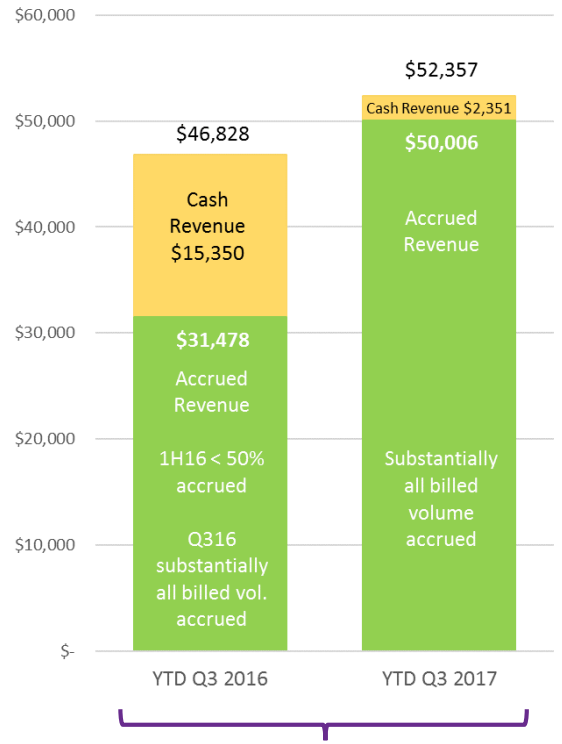
Note: Numbers presented in this presentation may vary from SEC filings due to rounding

Third Quarter Year-to-Date Highlights

$ in 000's, except per share data	YTD			
			Change	
	YTD Q3 2017	YTD Q3 2016	Dollars	Percentage
Accrued Revenue	$ 50,006	$ 31,478	$ 18,528	59%
Cash Revenue	2,351	15,350	(12,999)	-85%
Revenue	**52,357**	**46,828**	**5,529**	**12%**
Operating expenses:				
Cost of revenue	20,425	18,947	1,478	8%
Research and development	10,679	11,734	(1,055)	-9%
Selling and marketing	23,215	22,415	800	4%
General and administrative	17,731	18,062	(331)	-2%
Intangible asset amortization	800	801	(1)	0%
Total operating expenses	72,850	71,959	891	1%
Loss from operations	**(20,493)**	**(25,131)**	**4,638**	**-18%**
Interest expense	(2,423)	(1,951)	(472)	24%
Other income, net	353	127	226	178%
Net loss and comprehensive loss	**$ (22,564)**	**$ (26,955)**	**$ 4,392**	**-16%**
Shares				
Average shares	33,882	27,865	6,017	22%
Net loss per common share (dollars)	$ (0.67)	$ (0.97)	$ 0.30	-31%
Operational Highlights				
Genomic test volume (reported)[1]	18,873	16,924	1,949	12%
Gross profit (Rev - Cost of rev)	$ 31,932	$ 27,881	$ 4,051	15%
Cost of rev per reported test	$ 1,082	$ 1,120	$ (37)	-3%
Gross margin	61.0%	59.5%		1%

YTD Third Quarter 2017[2]

- ✓ Revenue $52.4 million (+12%)
- ✓ Reported genomic test volume 18,873 tests (+12%)
- ✓ Total OpEx $72.9 million (1% increase)
- ✓ Net loss $22.6 million (16% improvement)
- ✓ Net loss per share $0.67 (31% improvement)
- ✓ Cash burn $19.1 million (31% improvement)[3]



Company began accruing substantially all thyroid billable tests in Q3 2016

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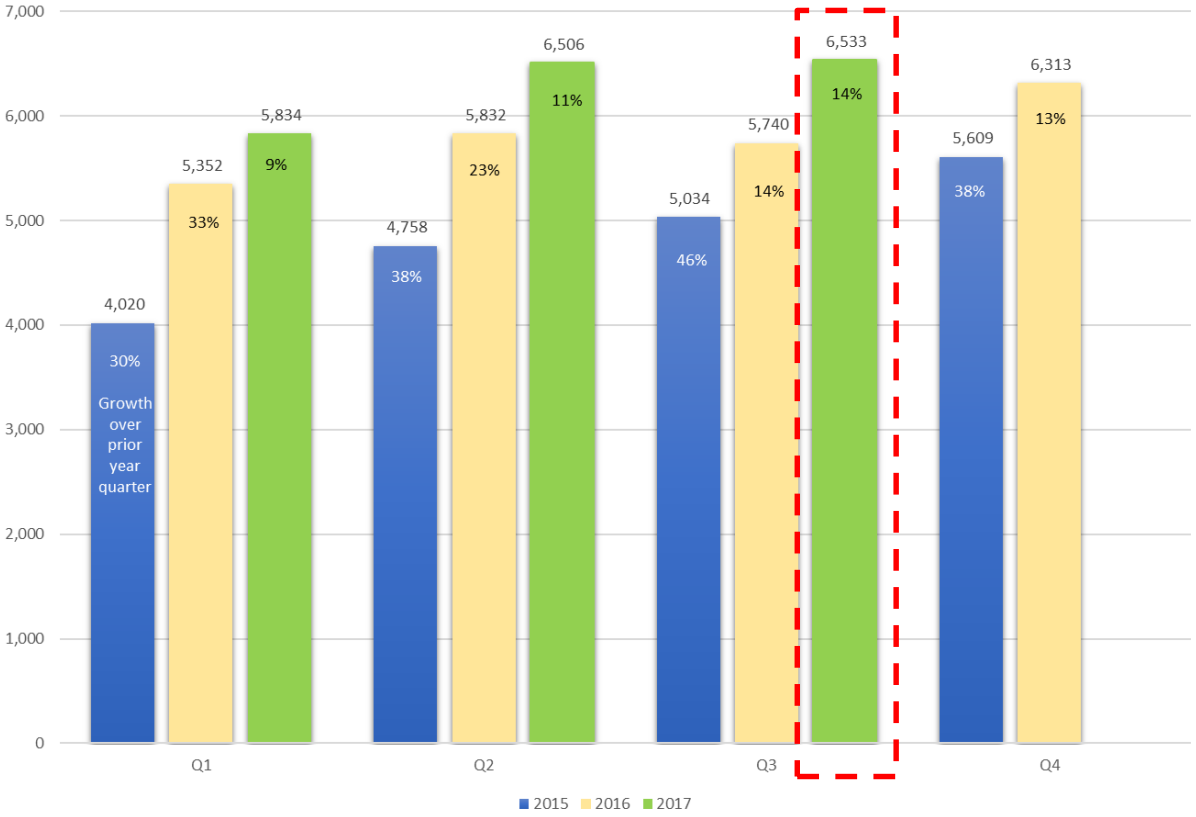
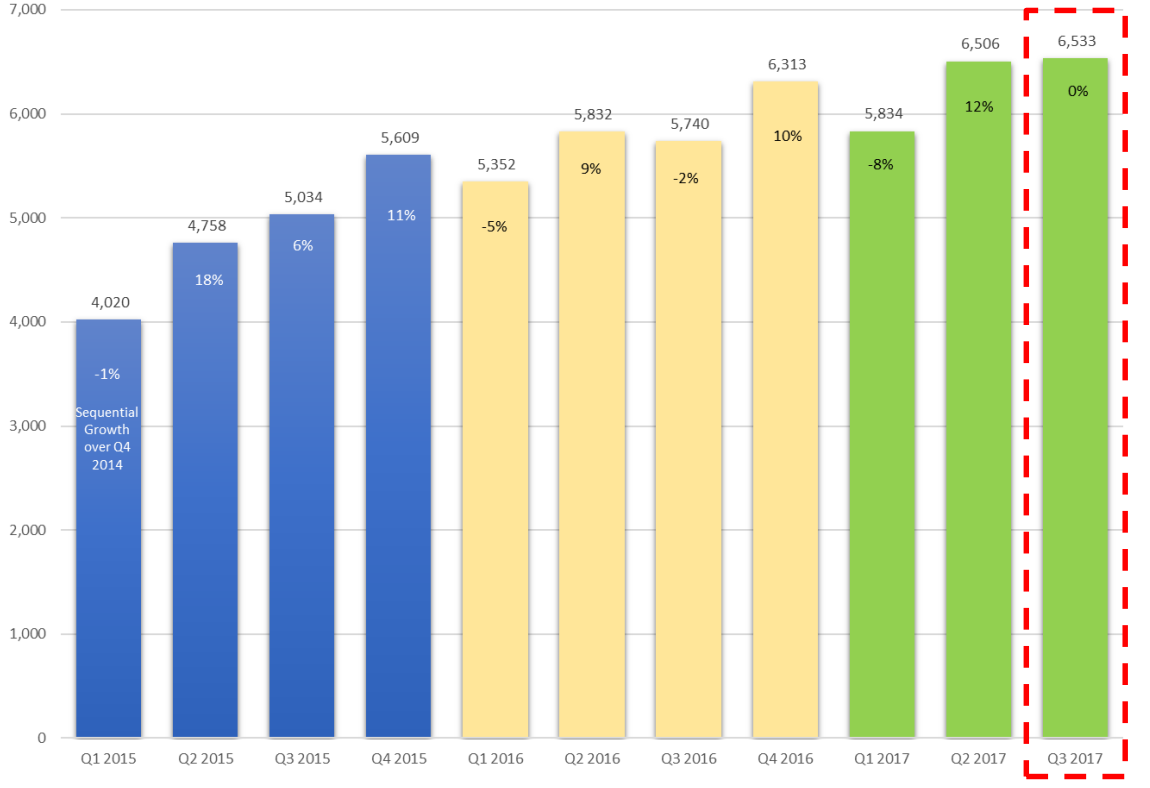
Genomic Test Volume[1]

Year-Over-Year



Sequential



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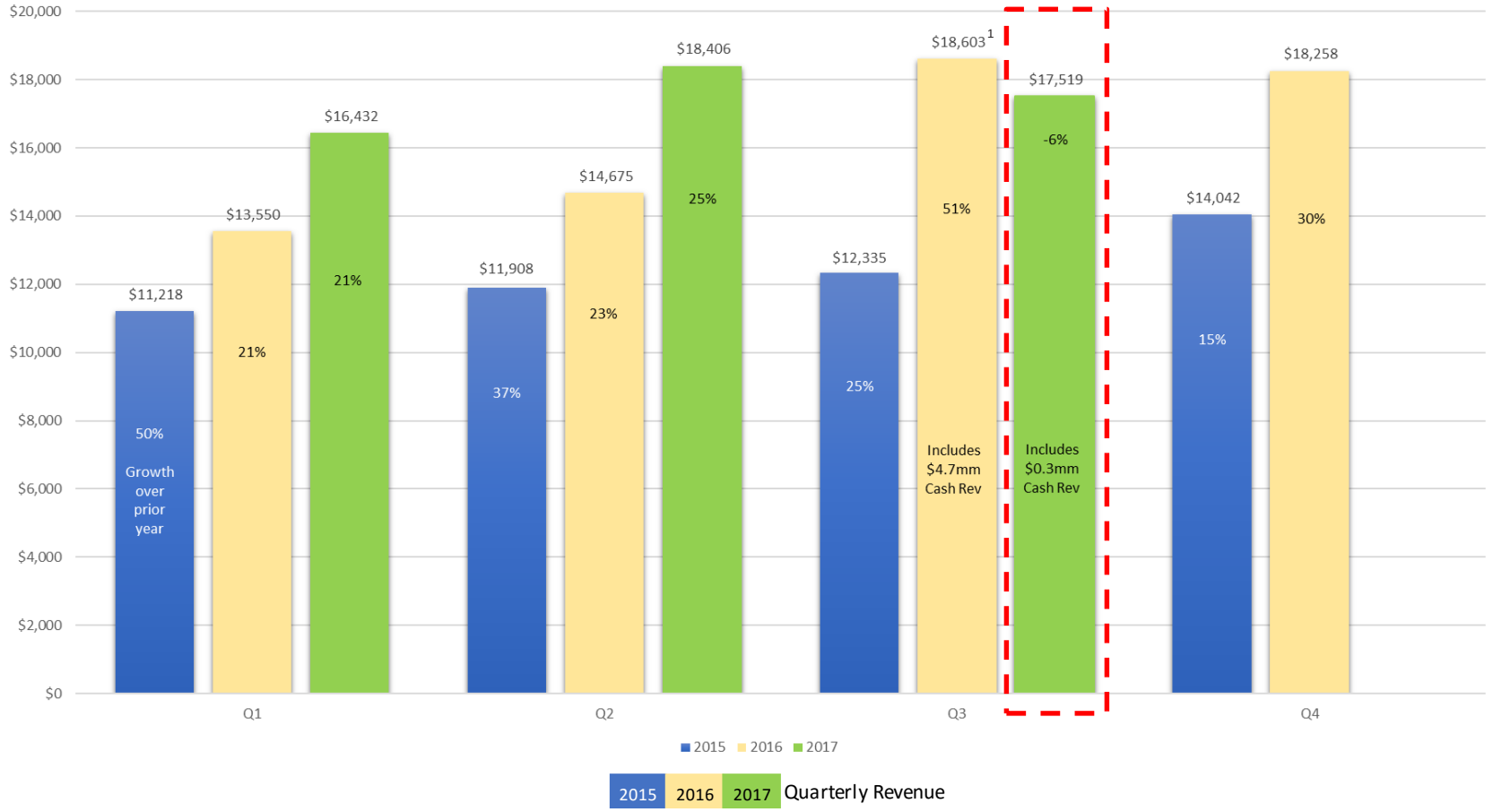
Revenue

Year-over-Year Quarterly Revenue



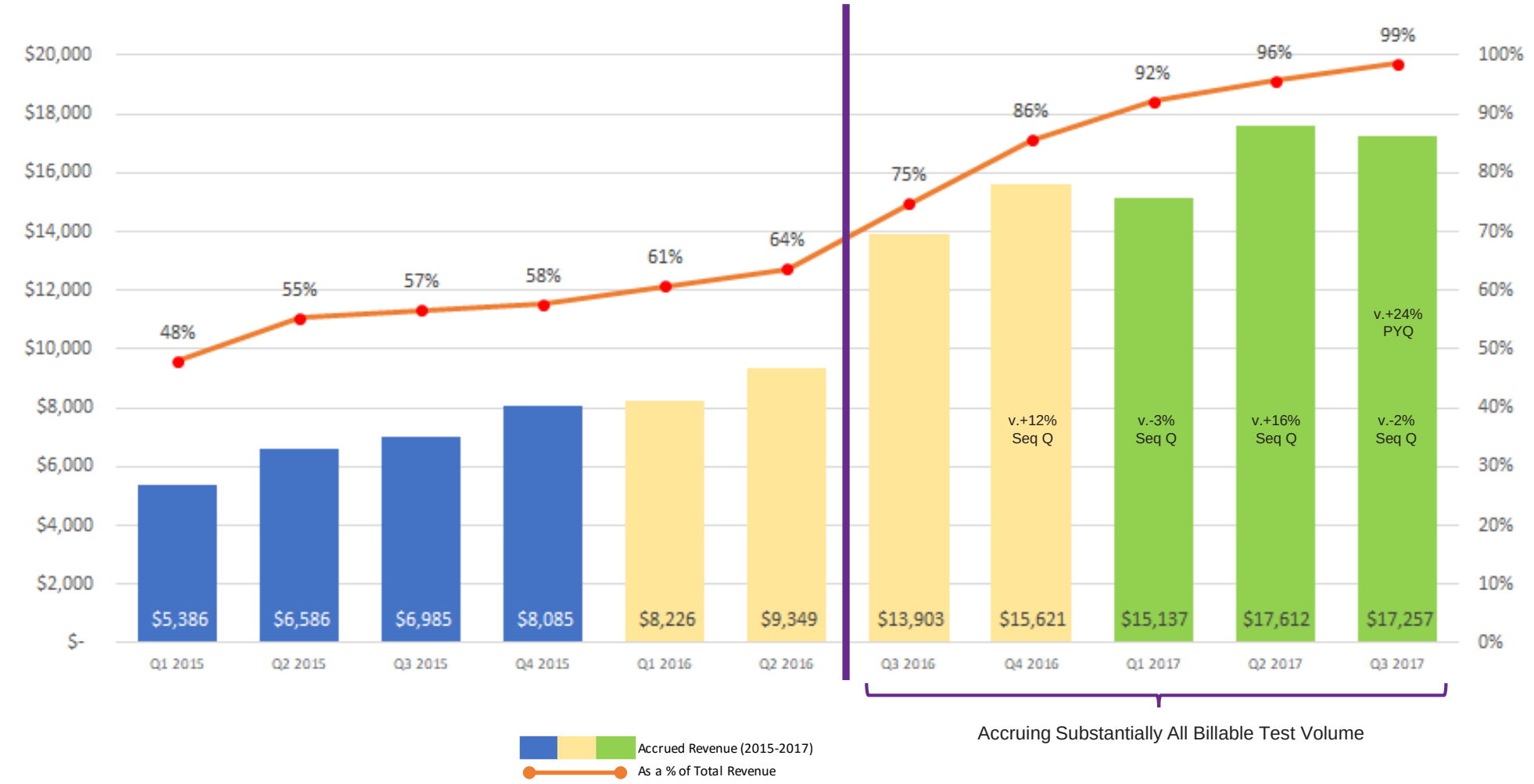
Revenue Recognition

- Prior to July 1, 2016, Company accrued <50% of billed genomic test volume
  - For tests not meeting revenue recognition criteria, revenue recognized upon cash collection
  - Cash collected over approximately one-year period
  - Revenue and cost of revenue do not match periods when revenue recognized on cash-basis
- Revenue recognition standard met in Q3 2016
  - As result, the Company began accruing substantially all of its billed genomic test volume starting in Q3 2016

1 – The Company recognized $3.5 million of incremental revenue during the quarter ended September 30, 2016 upon test delivery that previously would not have been recognized until cash was received. The $3.5 million of incremental revenue represented 19% of the $18.6 million in Q3 2016 total revenue.

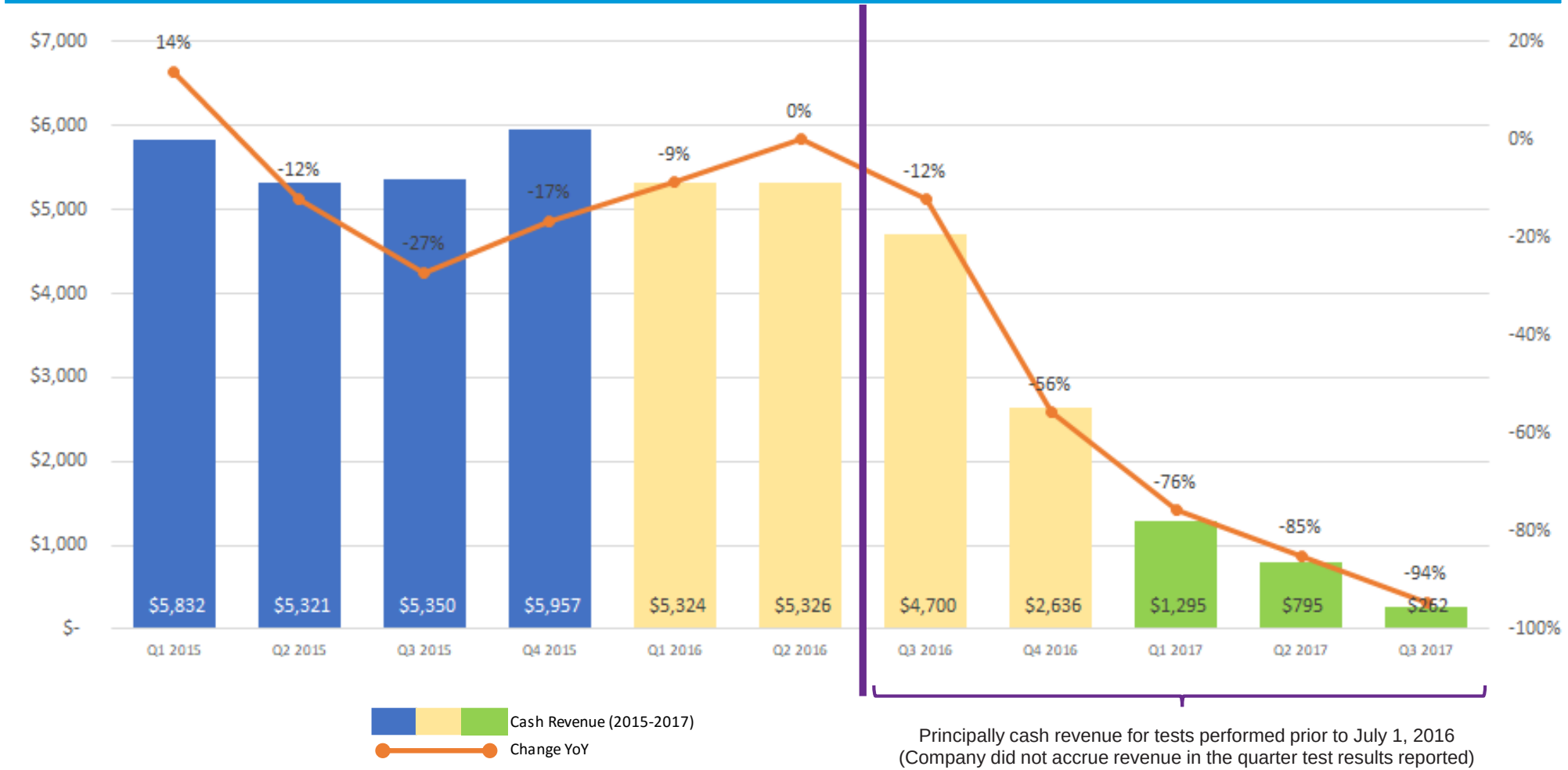
Accrued Revenue

Accrued Revenue + As a % of Total Revenue



Cash Revenue

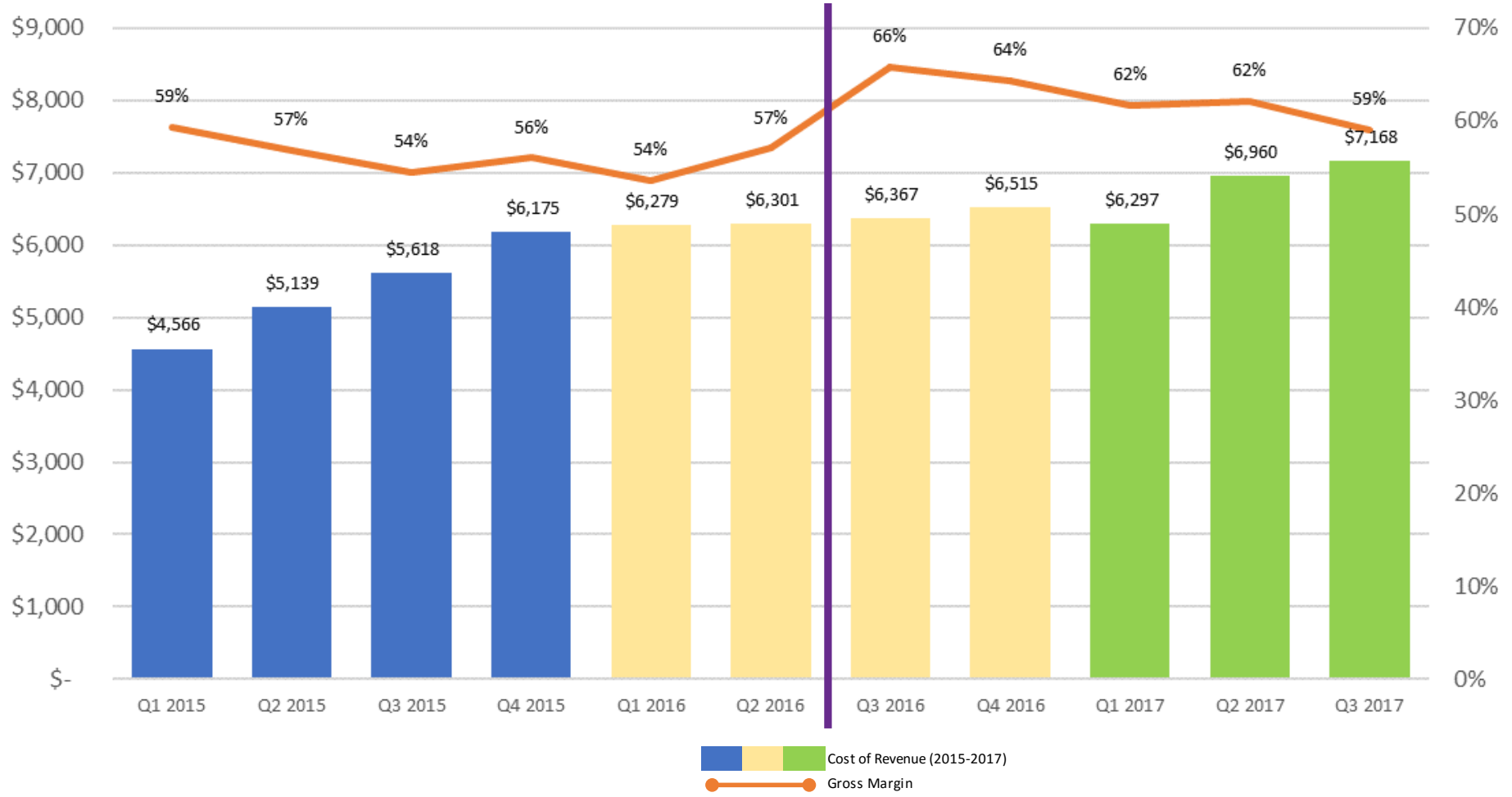
Cash Revenue + Change YoY



Principally cash revenue for tests performed prior to July 1, 2016
(Company did not accrue revenue in the quarter test results reported)

Cost of Revenue

Cost of Revenue + Gross Margin



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Operating Expenses

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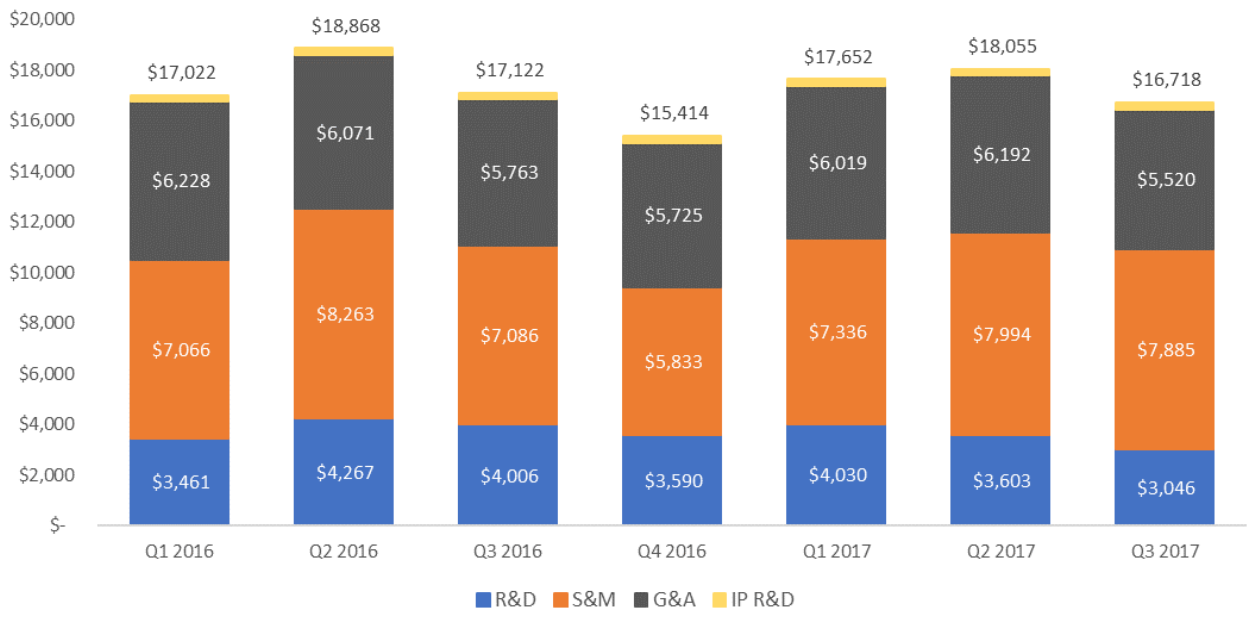
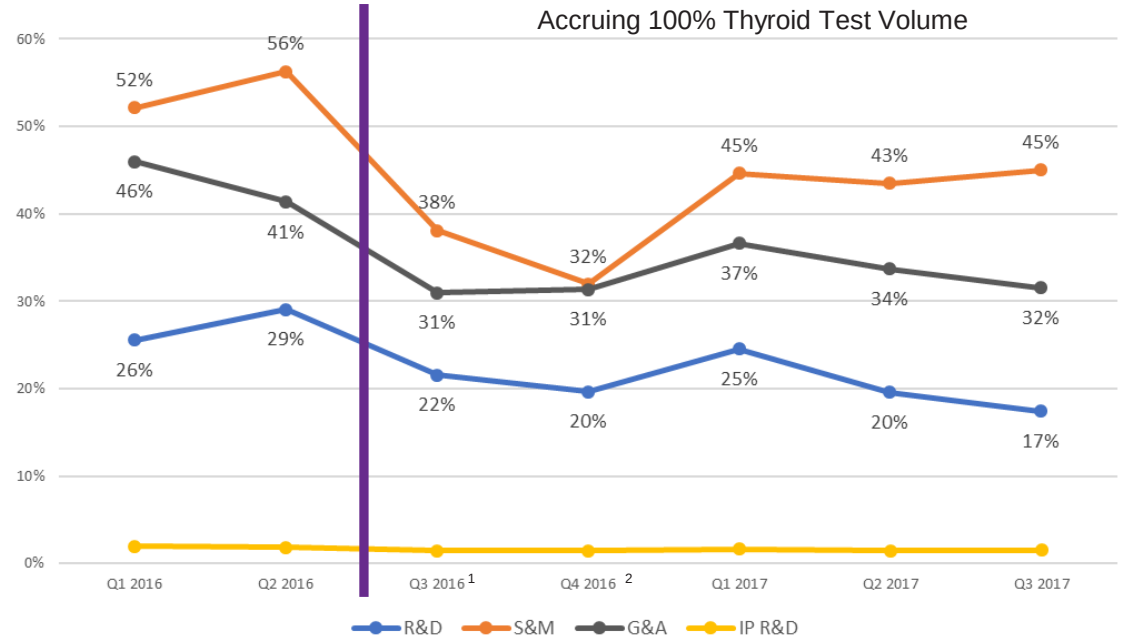


% of Revenue



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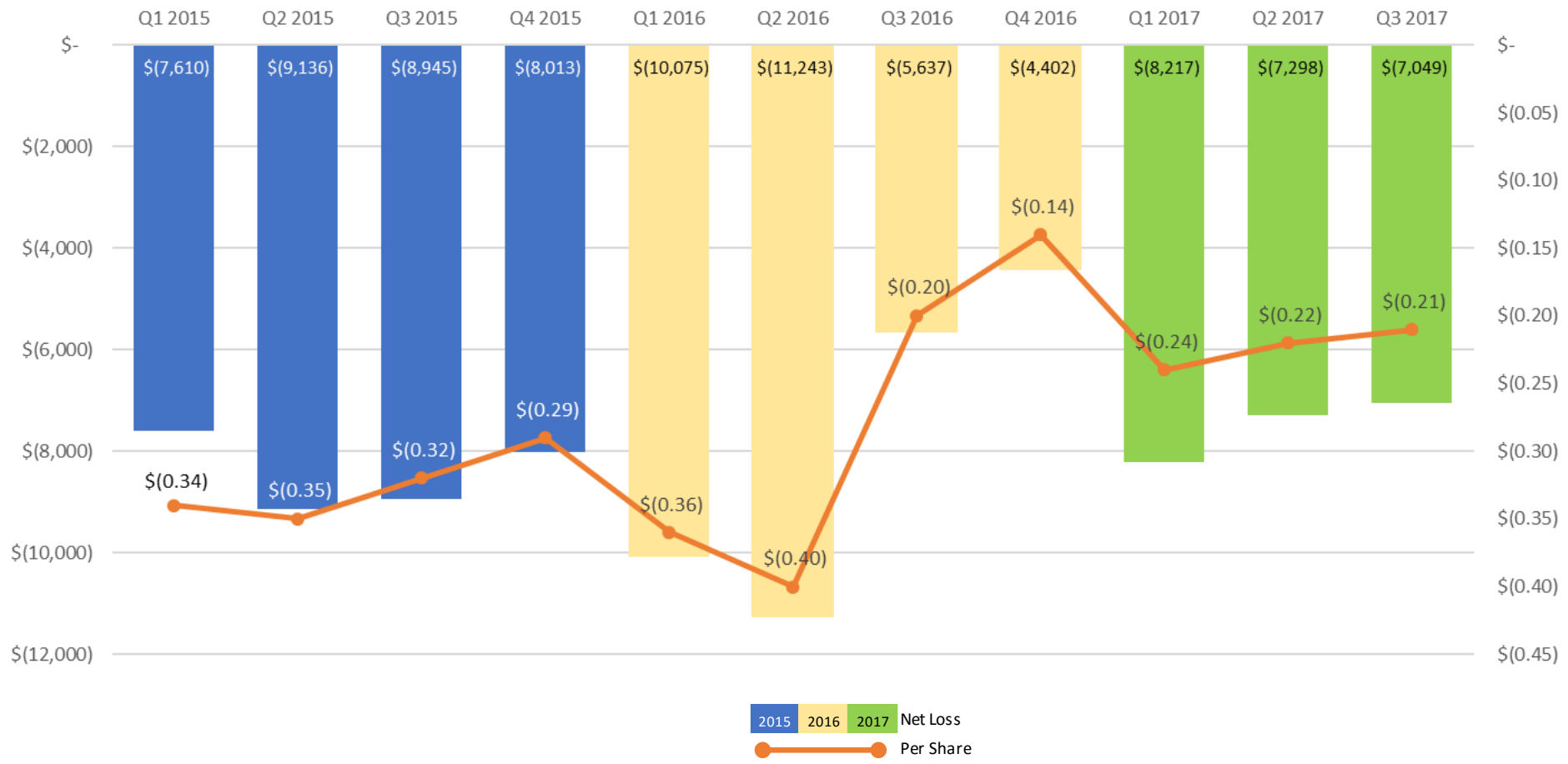
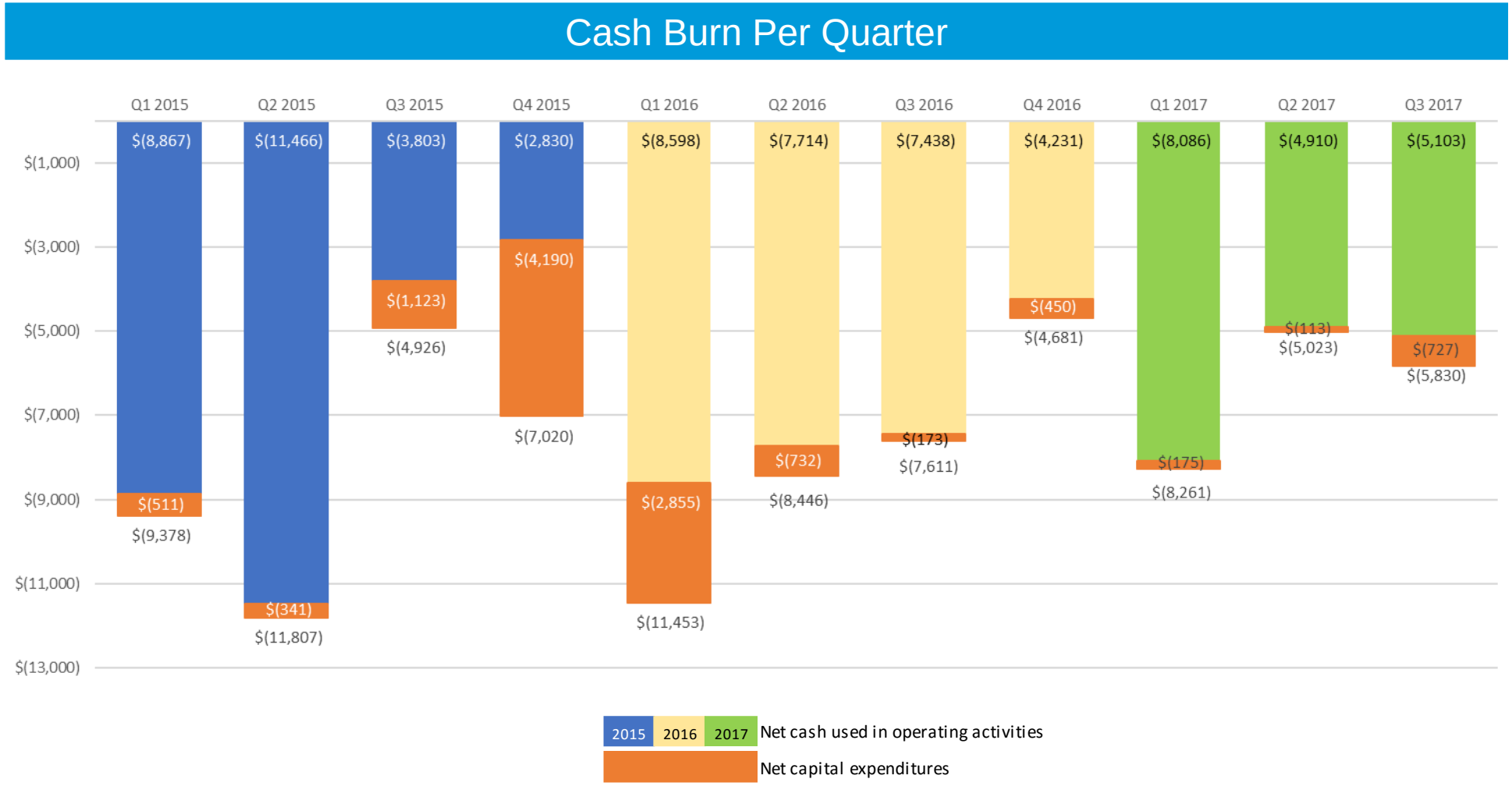
2 – Genzyme Co-Promotion Agreement terminated effective September 9, 2016 (Q3 2016). Over the four quarter period ended September 30, 2016, the average quarterly expense for the Genzyme Co-Promotion Agreement was $1.7 million or 11% of revenue. There were no material Genzyme Co-Promotion expenses after Q3 2016.

Net Loss

Net Loss (Dollars) + Net Loss Per Share

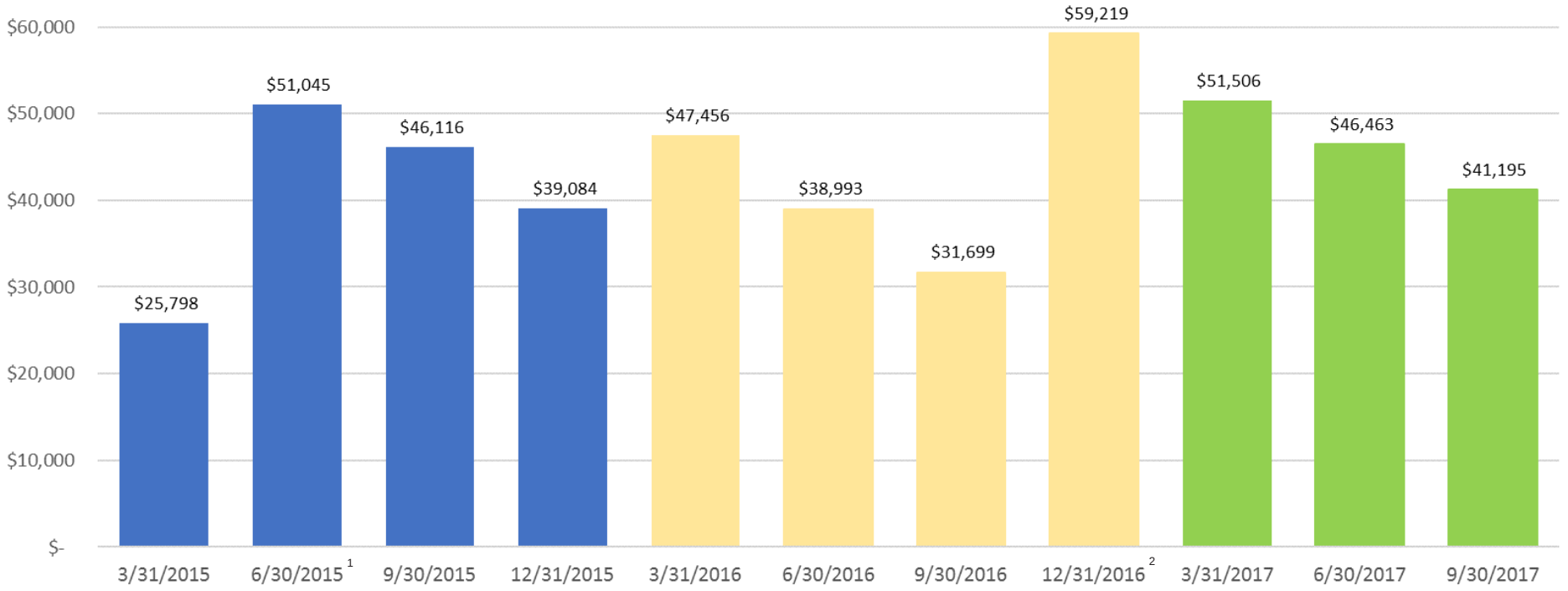


Cash Burn


Cash Burn Per Quarter
Q1 2015
Q2 2015
Q3 2015
Q4 2015
Q1 2016
Q2 2016
Q3 2016
Q4 2016
Q1 2017
Q2 2017
Q3 2017
$(1,000)
$(3,000)
$(5,000)
$(7,000)
$(9,000)
$(11,000)
$(13,000)
$(8,867)
$(511)
$(9,378)
$(11,466)
$(341)
$(11,807)
$(3,803)
$(1,123)
$(4,926)
$(2,830)
$(4,190)
$(7,020)
$(8,598)
$(2,855)
$(11,453)
$(7,714)
$(732)
$(8,446)
$(7,438)
$(173)
$(7,611)
$(4,231)
$(450)
$(4,681)
$(8,086)
$(175)
$(8,261)
$(4,910)
$(113)
$(5,023)
$(5,103)
$(727)
$(5,830)
2015
2016
2017
Net cash used in operating activities
Net capital expenditures

Cash

Cash Balance



1 – In April 2015, the Company completed a private placement of 4.9 million shares of its common stock to certain accredited investors, raising $37.3 million in net cash proceeds.
2 – In November 2016, the Company completed a public offering of 5.7 million shares of its common stock, raising $31.9 million in net cash proceeds.

Subsequent Event – Debt Refinancing

$ in millions Lender	Total Facility Size[1]	Initial Funded Term Loan	Revolver Commitment[2]	Term (Maturity)	Cash Interest (at closing interest rates)	Yield-To-Maturity ("YTM")[3]	Adjusted YTM[4] (+Make-Whole Fee)
Madryn	$25.4	$25	None	6 yr (March 2022)	$0.8 Qtr / $3.0 Annual	13.4%	18.4%
SVB Silicon Valley Bank	$35	$25	$10	5 yr (October 2022)	$0.3 Qtr / $1.4 Annual	7.0%	9.2%

Note 1 – Funded debt at close + committed facilities (i.e. asset-based revolver). Madryn total facility size includes $25.0 million closing term loan value plus $0.4 million of payment-in-kind interest that converted to principal upon election to defer payments.
Note 2 – Revolving credit facility based on 85% of eligible receivables (asset-based structure). Initial availability expected to be $9.
Note 3 – Yield-to-maturity ("YTM") based on loans held to maturity, including estimated OID, loan closing fees, exit fees, administrative fees, etc. Prepayment fees generally waived if Company elects to refinance with existing lender or hold-to-maturity and excluded.
Note 4 – Adjusted YTM includes estimated $1.6 make-whole fee paid to Madryn Asset Management upon close. SVB Adjusted YTM assumes $1.6 make-whole paid to Madryn is taken out of closing proceeds of the SVB term loan.

$ in millions **Selected Key Terms**	Madryn	SVB Silicon Valley Bank
Facilities	$25 TL	$25 TL $10 RC (no minimum balance)(zero drawn at close)
Term	6 years (March 2016-2022)	5 years (November 2017- October 2022)
Pricing	TL 12% Fixed	TL L+4.20% with 1.23% Libor Floor (minimum 5.43%) RC L+3.50% with 1.20% Libor Floor (minimum 4.70%)
Exit Fees	Make-Whole Through March 31, 2018 April 1, 2018 – March 31, 2019 – 4.00% April 1, 2019 – March 31, 2020 – 2.00% April 1, 2020 – March 31, 2021 – 1.00%	TL Final Payment – 4.75% (Fixed at $1,187,500) TL Prepayment Fee - 103/102/101 to maturity (*only if paid in full prior to maturity*) RC – 1.00% of commitment amount (*only if terminated prior to maturity*)
Collateral	1st lien on all assets including IP. Stock pledge limited to stock in subs.	1st lien on all assets + negative pledge on IP
Revenue Covenants	2017 $50 / 2018 $60 / 2019 $70 / 2020 $80 / 2021 $90 / 2022 $100	*No measurement if cash + RC availability $40* 2017 $65 / 2018 $64-74 / 2019 $75-81 / 2020 $85-89 / 2021 $91-98 / 2022 $100

Subsequent Event – TCP Amendment

- ✓ Signed deal to amend and restate Thyroid Cytopathology Partners (“TCP”) deal for five years
- ✓ In return for lower fees, the Company agreed to extend the term for five years and to pay $1.75 million to Pathology Resource Consultants, its previous management company, over eight quarters.
- ✓ Based on current volumes, the Company believes the amendment will be accretive to earnings as well as cash burn. However, estimated savings may increase if cytopathology volumes rise or decline if cytopathology volumes decline.